

Bureau of Land Management, Interior

§3137.21

Unit operations are all activities associated with exploration, development drilling, and production operations the unit operator(s) conducts on committed tracts.

[67 FR 17886, Apr. 11, 2002, as amended at 73 FR 6443, Feb. 4, 2008]

GENERAL

§3137.10 What benefits do I receive for entering into a unit agreement?

(a) Each individual tract committed to the unit agreement meets its full performance obligation if one or more tracts in the unit meets the development or production requirements;

(b) Production from a well that meets the productivity criteria (see §3137.82 of this subpart) under the unit agreement extends the term of all NPR-A leases committed to the unit agreement as provided in §3137.111 of this subpart;

(c) You may drill within the unit without regard to certain lease restrictions, such as lease boundaries within the unit and spacing offsets; and

(d) You may consolidate operations and permitting and reporting requirements.

§3137.11 What consultation must the BLM perform if lands in the unit area are owned by a regional corporation or the State of Alaska?

If the BLM administers a unit containing tracts where the mineral estate is owned by a regional corporation or the State of Alaska, or if a proposed unit contains tracts where the mineral estate is owned by a regional corporation or the State of Alaska, the BLM will consult with and provide opportunities for participation in negotiations with respect to the creation or expansion of the unit by—

(a) The regional corporation, if the unit acreage contains the regional corporation's mineral estate; or

(b) The State of Alaska, if the unit acreage contains the state's mineral estate.

[73 FR 6443, Feb. 4, 2008]

APPLICATION

§3137.15 If the Federal lands constitute less than 10 percent of the lands in the proposed unit area, is the unit agreement subject to Federal regulations or approval?

If the Federal lands constitute less than 10 percent of the lands in the proposed unit area—

(a) You may use a unit agreement approved by the State and/or a native corporation;

(b) BLM will authorize commitment of the Federal lands to the unit if it determines that the unit agreement protects the public interest; or

(c) As unit operator you may ask BLM to approve and administer the unit. If BLM agrees to approve and administer the unit, you must follow, and BLM will administer, the regulations in this subpart and 43 CFR part 3160.

§3137.20 Is there a standard unit agreement form?

There is no standard unit agreement form. BLM will accept any unit agreement format if it protects the public interest and includes the mandatory terms required in §3137.21 of this subpart.

§3137.21 What must I include in an NPR-A unit agreement?

(a) Your NPR-A unit agreement must include—

(1) A description of the unit area and any geologic and engineering factors upon which you are basing the area;

(2) Initial and continuing development obligations (see §§3137.40 and 3137.41 of this subpart);

(3) The anticipated participating area size and well locations (see §3137.80(b) of this subpart);

(4) A provision that acknowledges BLM's authority to set or modify the quantity, rate, and location of development and production; and

(5) A provision that acknowledges the BLM consulted with and provided opportunities for participation in the creation of the unit and a provision that acknowledges that the BLM will consult with and provide opportunities for participation in the expansion of the unit by —

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(A) The regional corporation, if the unit acreage contains the regional corporation's mineral estate; or

(B) The State of Alaska, if the unit acreage contains the state's mineral estate.

(6) Any optional terms which are authorized in § 3137.50 of this subpart that you choose to include in the unit agreement.

(b) You must include in the unit agreement any additional terms and conditions that result from consultation with BLM. After your initial application, BLM may request additional supporting documentation.

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§ 3137.22 What are the size and shape requirements for a unit area?

(a) The unit area must—

(1) Consist of tracts, each of which must be contiguous to at least one other tract in the unit, that are located so that you can perform operations and production in an efficient and logical manner; and

(2) Include at least one NPR-A lease.

(b) BLM may limit the size and shape of the unit considering the type, amount and rate of the proposed development and production and the location of the oil or gas.

§ 3137.23 What must I include in my NPR-A unitization application?

Your unitization application to BLM must include—

(a) The proposed unit agreement;

(b) A map showing the proposed unit area;

(c) A list of committed tracts including, for each tract, the—

(1) Legal land description and acreage;

(2) Names of persons holding record title interest;

(3) Names of persons owning operating rights; and

(4) Name of the unit operator.

(d) A statement certifying—

(1) That you invited all owners of oil and gas rights (leased or unleased) and lease interests (record title and operating rights) within the external boundary of the unit area described in the application to join the unit;

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(2) That there are sufficient tracts committed to the unit agreement to reasonably operate and develop the unit area;

(3) The commitment status of all tracts within the area proposed for unitization; and

(4) That you accept unit obligations under § 3137.60 of this subpart.

(e) Evidence of acceptable bonding;

(f) A discussion of reasonably foreseeable and significantly adverse effects on the surface resources of NPR-A and how unit operations may reduce impacts compared to individual lease operations;

(g) A discussion of the proposed methodology for allocating production among the committed tracts. If the unit includes non-Federal oil and gas mineral estate, you must explain how the methodology takes into account reservoir heterogeneity and area variation in reservoir producibility; and

(h) Other documentation BLM may request. BLM may require additional copies of maps, plats, and other similar exhibits.

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§ 3137.24 Why would BLM reject a unit agreement application?

BLM will reject a unit agreement application—

(a) That does not address all mandatory terms, including those required under § 3137.21(b) of this subpart;

(b) If the unit operator—

(1) Has an unsatisfactory record of complying with applicable laws, regulations, the terms of any lease or permit, or the requirements of any notice or order; or

(2) Is not qualified to operate within NPR-A under applicable laws and regulations;

(c) That does not conserve natural resources;

(d) That is not in the public interest;

(e) That does not comply with any special conditions in effect for any part of the NPR-A that the unit or any lease subject to the unit would affect; or

(f) That does not comply with the requirements of this subpart.